

ORIGINAL

OPEN MEETING AGENDA ITEM



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AZ CORP COMMISSION  
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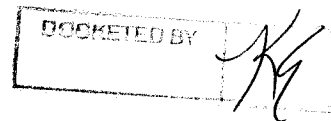
**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

SUSAN BITTER-SMITH, CHAIRMAN  
BOB STUMP  
BOB BURNS  
TOM FORESE  
DOUG LITTLE

Arizona Corporation Commission  
**DOCKETED**

NOV 05 2015



IN THE MATTER OF THE APPLICATION  
OF UTILITY SOURCE, LLC, AN  
ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE FAIR VALUE  
OF ITS UTILITY PLANTS AND  
PROPERTY AND FOR INCREASES IN  
ITS WATER AND WASTEWATER RATES  
AND CHARGES FOR UTILITY SERVICE  
BASED THEREON.

DOCKET NO: WS-04235A-13-0331

**NOTICE OF FILING TESTIMONY  
IN SUPPORT OF SETTLEMENT**

Utility Source, L.L.C. ("Company"), hereby files the testimony of Tom Bourassa  
in support of the settlement in this matter.

Steve Wene

Original and thirteen (13) copies  
of the foregoing filed this  
5<sup>th</sup> day of November, 2015 with:

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

1  
2 Copies of the foregoing mailed  
3 this 5<sup>th</sup> day of November, 2015 to:

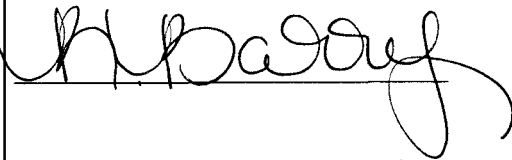
4 Wesley Van Cleve  
5 Legal Division  
6 Arizona Corporation Commission  
7 1200 West Washington Street  
8 Phoenix, Arizona 85007

9 Daniel W. Pozefsky  
10 Chief Counsel  
11 Residential Utility Consumer Office  
12 1110 West Washington Street  
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17 P.O. Box 16020  
18 Bellemont, Arizona 86015

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20 4561 Bellemont Springs Drive  
21 Bellemont, Arizona 86015

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A handwritten signature in black ink, appearing to read "M. B. Goff", is written over a horizontal line. The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3                   **COMMISSIONERS**

4           SUSAN BITTER SMITH, CHAIRMAN  
5           BOB STUMP  
6           BOB BURNS  
7           TOM FORESE  
8           DOUG LITTLE

9           IN THE MATTER OF THE APPLICATION  
10          OF UTILITY SOURCE, LLC, AN  
11          ARIZONA CORPORATION, FOR A  
12          DETERMINATION OF THE FAIR VALUE  
13          OF ITS UTILITY PLANTS AND  
14          PROPERTY AND FOR INCREASES IN  
15          ITS WATER AND WASTEWATER RATES  
16          AND CHARGES FOR UTILITY SERVICE  
17          BASED THEREON.

DOCKET NO: WS-04235A-13-0331

18                                   **TESTIMONY IN SUPPORT OF SETTLEMENT BY**  
19                                   **THOMAS J. BOURASSA**

20  
21                                   **November 3, 2015**  
22  
23  
24  
25  
26

1   **Q.   PLEASE STATE YOUR NAME AND ADDRESS.**

2   A.   My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,  
3       Phoenix, Arizona 85029.

4   **Q.   ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

5   A.   I am testifying on behalf of the applicant, Utility Source, LLC ("USLLC" or the  
6       "Company"). USLLC is seeking changes in its rates and charges for utility service  
7       in its certificated service area, which area is located in Yavapai County.

8   **Q.   HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS CASE?**

9   A.   Yes, I testified in support of the initial application in this docket, focusing on rate  
10       base, income statement and rate design, cost of capital, and other financial matters.

11   **Q.   WHAT IS THE PURPOSE OF THIS TESTIMONY?**

12   A.   To support the settlement in this case.

13   **Q.   IS THE PROPOSED SETTLEMENT IN THE PUBLIC INTEREST?**

14   A.   Yes.

15   **Q.   DESCRIBE THE RELEVANT PROVISIONS OF THE SETTLEMENT?**

16   A.   Regarding the water division, the Parties agreed that the Company has a fair value  
17       rate base of \$1,979,887. The rate base increased from \$1,499,779 due to the  
18       inclusion of plant associated with the standpipe water distribution facility as  
19       proposed by Staff. To mitigate the impact to its customers, Utility Source agreed  
20       to impute \$127,763 of revenue from the standpipe operation into the revenue  
21       requirement. Consequently, adjusted test year revenues are \$333,949. To mitigate  
22       the impact on customers, the Company will phase-in rates in three stages and will  
23       forgo lost revenues resulting from the phase-in.

24               Regarding the wastewater division, the Parties agree that the Company has a  
25       fair value rate base of \$825,880, which is the same as proposed in the  
26

1 Recommended Opinion and Order ("ROO"). The Company's adjusted test year  
2 revenues are \$119,464. Utility Source has a revenue requirement of \$296,719.  
3 Similar to the water division, the Company agreed to a wastewater division phase-  
4 in as well.

5 **Q. COMPARE THE SETTLEMENT TO THE ROO AS IT RELATES TO THE**  
6 **IMPACT ON THE TYPICAL RESIDENTIAL CUSTOMER.**

7 A. Under the water rates recommended in the ROO, the typical residential 3/4 -inch  
8 bill with a median usage of 3,500 gallons would increase to \$67.72. In contrast, in  
9 the three phases of the Settlement, the resident's bill would increase from \$35.30 to  
10 \$45.60, then to \$51.37, and finally to \$57.27.

11 Meanwhile, under the wastewater rates recommended in the ROO, the  
12 typical residential 3/4 -inch bill with a median usage of 3,500 gallons would  
13 increase to \$62.30. During the three phases, the typical residential 3/4-inch bill with  
14 a median usage for 3,500 gallons of water would increase from \$20.44 to \$50.55,  
15 then to \$57.33, and finally to \$64.17. Thus, even after the third year of the phase-  
16 in, the typical resident would pay \$8.58 less under the Settlement compared to the  
17 ROO.

18 **Q. WHY DID THE COMPANY AGREE TO SUCH A REDUCTION?**

19 A. The Company could not and cannot afford further delay. This case is based upon a  
20 2012 test year. It will be nearly 2016 before new rates are in effect. From the start,  
21 the evidence in this case has shown that a revenue increase for the Company is  
22 necessary and warranted, and the delay has had a significant financial impact on  
23 the Company. Under the circumstances, the Company simply could not and cannot  
24 afford any further delay in getting new rates.  
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1    **Q.    DOES THAT CONCLUDE YOUR TESTIMONY?**

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3    **A.    Yes.**

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